

Minutes of Meeting July 25, 2019

A Regular Meeting of the Port Commission of Port Freeport was held July 25, 2019 beginning at 2:30 PM at the Administration Building, 1100 Cherry Street, Freeport, Texas.

Commissioners present:

Mr. Shane Pirtle, Chairman
Mr. Paul Kresta, Vice Chairman
Mr. Rudy Santos, Secretary
Mr. John Hoss, Asst. Secretary
Mr. Ravi K. Singhania, Commissioner
Mr. Dan Croft, Commissioner

Staff Members Present:

Mr. Jason Cordoba, Legal Counsel
Ms. Phyllis Saathoff, Executive Director/CEO
Mr. Rob Lowe, Director of Administration/CFO
Mr. Jason Hull, Director of Engineering
Mr. Al Durel, Director of Operations
Mr. Mike Wilson, Director of Economic Development
Mr. Chris Hogan, Director of Protective Services
Mr. Jason Miura, Director of Business & Economic Development
Ms. Missy Bevers, Executive Assistant
Ms. Mary Campus, Controller
Mr. Brandon Robertson, Network Systems Manager
Mr. Mike Quilty, Safety Coordinator
Mr. Nick Malambri, Engineering Specialist
Ms. Lauren McCormick, Public Affairs Manager
Ms. Connie Wiegel, Sales & Marketing Specialist
Ms. Jo Beth Griffin, Public Affairs Assistant

Also, present:

Mr. Geoff Bowman, Van Scoyoc Associates
Mr. John Anderson, Van Scoyoc Associates
Mr. Bob Arroyave, Brown & Gay Engineers
Mr. Bobby Fuller, Texas Port Ministry
Mr. Rick Stephanow, Gulf LNG Services
Mr. James Nash, Horizon Terminal Services
Mr. Jeff Taylor, Freese & Nichols

1. CONVENE OPEN SESSION in accordance with Texas Government Code Section 551.001, et. seq., to review and consider the following:
2. Invocation – Mr. Bobby Fuller, Texas Port Ministry
3. Pledge of Allegiance – U.S. Flag & Texas Flag

4. Roll Call – Commissioner Pirtle noted that all Commissioners were present.
5. Safety Briefing – Mr. Mike Quilty, Safety Coordinator
6. Approval of minutes from the Regular Meeting held June 27, 2019.

A motion was made by Commissioner Hoss to approve the minutes as presented. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

7. Receive update from federal consultants Van Scoyoc Associates.

Mr. Geoff Bowman with Van Scoyoc Associates (VSA) reported on VSA's work on the Port's two federal funding priorities, the Freeport Harbor Channel deepening project and increased operation maintenance funding through the Army Corps of Engineers. This included Port Freeport delegation trips to WDC in March and May. Representatives from BASF, Phillips 66 and Dow joined the delegation in May to meet with White House staff and the Corps. VSA received positive feedback from the meetings held. Mr. Bowman congratulated Port Freeport on the \$6.3 million grant received through the federal railroad administration. He also gave an update on the highway bill and budgets, which include FY2020 and the FY2020/21 President's budget request. Mr. John Anderson updated the Board on the appropriations process, Harbor Maintenance Trust Fund Reform and the Port Infrastructure Development Grant Program.

8. Reports from Executive Staff:

- A. Receive report from Executive Director/CEO on activities and matters related to administrative affairs. Port tenant updates, USCOE, rail matters and meetings, AAPA Committees, leases, contracts, upcoming Port and civic events and other related administrative affairs.

Ms. Saathoff reported on Colonel Vail's visit to the Port July 22. In addition to briefing the Colonel on the Port, strategies for funding in the Corps 2020 Work Plan were also discussed. The Corps will host the stakeholder meeting in Galveston August 13-14. Al Durel represented Port Freeport at the U.S. Coast Guard Change of Command Ceremony in New Orleans July 23 where Rear Admiral Paul Thomas turned over command to Rear Admiral John P. Nadeau. Ms. Saathoff thanked the Board and staff for their time and investment in the workshop recently held July 18. The Brazoria-Fort Bend Rail District (BFBRD) met July 19 in Richmond. Commissioners should have received a request to nominate two appointees for the BFBRD Citizens Advisory Panel. Next meeting of the BFBRD will be held in Freeport August 16. The Nexus Group met July 15 to discuss current status of the project as well as matters within the counties and the Port. A tentative meeting is planned for the Brazos Harbor Industrial Development Corporation (BHIDC) August 8. Letters were sent to Lonnie Key, Preston Phillips and Bill Terry congratulating them on their appointments to the IDC. A quarterly meeting of the Advisory Group for the dispatch service is being coordinated for mid-August. Date and time will be forthcoming. TXDOT has announced plans to remove sections of Grand Parkway from the Unified Transportation Plan (UTP) in Fort Bend County and Brazoria County. Fort Bend County recently adopted a resolution in favor of leaving Grand Parkway in. Ms. Saathoff recommends Port Freeport send a letter of support as well. The Highway 36A Infrastructure Conference will be held August 19 in Rosenberg. Ms. Saathoff will be speaking at this event. The Houston-Galveston Area Council is holding public meetings regarding Regional 2050 Plan for thoroughfares. The Greater Houston Partnership will host a State of the Houston Region Luncheon September 10 with Speaker Bonnen giving the update.

- B. Receive report from Director of Administration/CFO on monthly activity and matters related to financial results, investments, insurance, leases, real property matters and other related administrative affairs.

Mr. Lowe gave a brief financial presentation and update to the Commission.

- C. Receive report from Director of Engineering on activities and matters related to Freeport Harbor Federal Channel, capital projects, Hydrographic Report and other related facility engineering matters.

In addition to his report, Mr. Hull shared photos of Velasco Terminal Area 3 project. Mr. Hull also reported that TXDOT is having difficulty getting permits for SH 36 and will be pushing their letting date for the project to December 2020.

- D. Receive report from Director of Operations on activities and matters related to operations, vessel activity, tonnage and other related port operation matters.

Mr. Durel shared photos of the tanks moving through the Port that are being railed from California and going to Abu Dhabi. He also shared photos from the Change of Command Ceremony he attended in New Orleans. He noted that for the month of June, the Port saw four vessels from Tenaris for total of 49,000 tons. He also reported that staff continues to meet with Freeport LNG whose first vessel is scheduled between August 10-14.

- E. Receive report from Director of Business & Economic Development on activities and matters related to industry meetings, sales reports, advertising, web activity, Foreign-Trade Zone, Rail District and other ocean transportation related matters.

Mr. Miura stated he will be attending Union Pacific's Short Line & Ports Conference August 5-8 in Omaha. The Greater Houston Port Bureau will hold its annual Maritime Dinner August 17 and the 2019 Breakbulk Americas Conference will be held October 8-10 at the George R. Brown Convention Center.

- 9. Receive report from Commissioners on matters related to:

- A. July 25 Finance Advisory Committee – Commissioner Singhania reported the committee received the quarterly investment update and discussed the agreement with the Goodman Corporation which is on the agenda for approval.
- B. July 25 Strategic Planning Advisory Committee – Commissioner Santos reported the committee reviewed two contracts with Vernor Materials as well as an agreement with Leaf Engineers, all of which are on the agenda for approval.
- C. Meetings and conferences attended, Port presentations and other related Port Commission matters.

Commissioner Hoss reported attending the July 15 Nexus Meeting and Col. Vail's visit to the Port.

Commissioner Croft reported attending the Industry Update held earlier in the day.

Commissioner Singhania reported attending the Rail District meeting held July 19 as well as the Indio Chamber Dinner held last month.

Commissioner Pirtle reported attending several meetings, including the Nexus Group, Pct. 4 Thoroughfare, Rail District Southern Brazoria County Traffic Meeting and Industry Update. He also attended the Santa Ana Ball held July 20, Col. Vail's Port visit.

10. Public Comment – There were no public comments.

11. Approval of financial reports presented for the period ending June 30, 2019.

A motion was made by Commissioner Singhania to approve the reports as presented by staff. The motion was seconded by Commissioner Santos with all Commissioners present voting in favor of the motion.

Additionally, Ms. Campus gave an update to the Board on the Gallagher Lloyds of London Port visit, tour and discussions regarding property insurance and the market.

12. Approval of an Agreement between Port Freeport and Goodman Corporation for MARAD Port Infrastructure Grant.

Mr. Wilson stated that staff is seeking approval of an agreement with the Goodman Corporation in the amount of \$52,500 for their assistance with grant applications. The applications will target port improvement projects, specifically Area 5 and Area 6 of the Velasco Terminal facility improvements, for a total of \$25 million. It is staff's recommendation to request a 70/30 split with the Port's portion being \$7,500,000.

A motion was made by Commissioner Singhania to approve the agreement for an amount not to exceed \$52,500. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

13. Approval of a Construction Contract with Vernor Materials & Equipment Co. for the Parcel 14 – Southeast 20 Acre Tract Development project, for an amount not to exceed \$6,785,000.00.

Mr. Hull stated eight bids were opened July 16 with the lowest and best bid submitted by Vernor Materials in the amount of \$6,785,000.00. The Finance Committee has reviewed the contract and staff recommends approval. Mr. Hull also noted this project came in under the budgeted amount for this project.

A motion was made by Commissioner Santos to approve the contract. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

14. Approval of a Construction Contract with Vernor Materials & Equipment Co. for the Dole Asphalt Repairs project, for an amount not to exceed \$168,000.

Commissioner Pirtle questioned why the lowest bid submitted was not accepted. Mr. Hull stated an addendum was added to the scope of project. The low bidder did not acknowledge the addendum and submitted their bid on a non-compliant bid form, therefore their bid was deemed nonconforming. Commissioner Santos noted the Finance Committee discussed this in detail and accepts staff's recommendation.

A motion was made by Commissioner Santos to approve the contract for an amount not to exceed \$168,000. The motion was seconded by Commissioner Kresta with all Commissioners present voting in favor of the motion.

15. Approval of a Professional Services Agreement with Leaf Engineers for Parcel 14 Fiber Optic Communications Extension project, for an amount not to exceed \$33,900.00.

Mr. Hull stated this agreement will allow Leaf Engineers to prepare a bid package for the extension of the Port's fiber optic communications to Parcel 14. Staff recommends approval.

A motion was made by Commissioner Santos to approve the agreement for an amount not to exceed \$33,900. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

16. Approval of a Purchase Order to Vulcan Materials Company in the amount of \$1,540,000.00 for limestone to be used on Parcel 14 – Southeast 20 Acre Tract Development project.

Mr. Hull stated this purchase order is for approximately 110,000 tons of limestone to be purchased from Vulcan at the Port's contracted rate for the Parcel 14 – Southeast 20 Acre Tract Development project. Staff recommends approval.

A motion was made by Commissioner Santos to approve the purchase of limestone. The motion was seconded by Commissioner Singhanian with all Commissioners present voting in favor of the motion.

17. Discussion and approval to advertise for bids for constructing 1050 feet of wharf for the Velasco Container Terminal (Berth 8).

Mr. Hull stated that staff is ready to advertise for bids for 1050 feet of wharf for Berth 8 and requests approval to move forward. Commissioner Kresta asked if it was determined how far the dredging would extend. Mr. Hull explained the project could be done as a base bid for 1050 feet, install bulkhead and dredge just beyond the 1050 feet to be able to tie a ship up. Second option would be to have the base bid with contractors adding to the bid to extend the full bulkhead and do all the dredging.

After discussing the options, a motion was made by Commissioner Kresta to approve staff advertising for bids with an alternate for an additional 400 feet of sheet pile and 400 feet of dredging. The motion was seconded by Commissioner Hoss with all Commissioners present voting in favor of the motion.

18. Adoption of a Resolution approval the acceptance of the Port's portion of proceeds received from high bidders on delinquent tax property held in trust by Brazoria County, Texas and authorizing the Chairman to join in conveyance to high bidders.

A motion was made by Commissioner Singhanian to approve the resolution. The motion was seconded by Commissioner Croft with all Commissioners present voting in favor of the motion.

19. EXECUTIVE SESSION in accordance with Subchapter D of the Open Meetings Act, Texas Government Code Section 551.001, et. seq., to review and consider the following:

- A. Under authority of Section 551.071 (Consultation with Attorney) for discussion regarding:
 1. Consultation with attorney to discuss potential litigation.
 2. Consultation with attorney to discuss potential litigation.

3. Consultation with attorney and discussion regarding legal matters arising out of Texas Transportation Code, Title 4 Navigation, Subtitle A Waterways and Ports, Chapter 52 Texas Deepwater Port Procedures Act.

B. Under authority of Section 551.072 (Deliberation of Real Property Matters) for discussion regarding:

1. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 7, 8, 10, 26 and 37.
2. The potential purchase, exchange, lease or value of real property located at Port Freeport, including but not limited to the real property located at and contiguous to Berths 1, 2, 5 and 7.
3. Discussion regarding the potential exchange, lease or value of real property located in Freeport, Texas, including but not limited to the area known as the East End of Freeport and bordered by the following streets: FM 1495; East 2nd Street; Terminal Street and East 8th Street in Freeport, Texas.
4. The potential exchange, lease, or value or real property located at Port Freeport, including but not limited to Parcel 14.
5. The potential exchange, lease, or value of real property located at Port Freeport, including but not limited to Parcels 4, 5, 6, 9, 19, 27, 31, 34, 35 and 38.

20. RECONVENE OPEN SESSION:

21. Adjourn.

With no further business before the Commission, the meeting adjourned at 7:57 PM.